

INDUSTRY UPDATE

Biweekly Period Ending December 29, 2001

Phoenix Metro Area

Manufacturing

It's beginning to sound like a broken record, as **Motorola** announced it would **eliminate 9,400 jobs** in 2002, bringing to more than 48,000 the number of worldwide positions it will have cut since August 2000. About **4,000** of the latest reductions will occur in Motorola's **Semiconductor Products Sector**, with 1,300 in equipment manufacturing operations, and 4,100 across all other divisions. The effect in Arizona is still unknown, but it's likely that a previously planned **closure** of a **Mesa chip manufacturing facility** over the next 2½ years **may be moved up** (see August 25, 2001, *Industry Update*). Currently, the Schaumburg, Ill.-based electronics company employs about 11,000 Valley workers, with 7,000 employed in semiconductor operations.

Transportation, Communications, and Public Utilities

Tempe-based **America West Airlines** received **tentative approval** in late December for **\$380 million in federal loan guarantees**, which will likely keep the air carrier flying and its more than 10,000 Valley workers employed for the foreseeable future. The loan guarantees — which will enable the airliner to secure more than \$1 billion in other loans and concessions from suppliers — are contingent upon the airliner keeping its labor costs under control. The federal edict will likely give America West, which has been in negotiations with its pilots union for almost two years, more leverage in dealing with all of its employee bargaining units.

Finance, Insurance, and Real Estate

Trying to capitalize on legislation recently

passed by the state, a California-based financial services company is **opening three new Valley locations** (bringing its total to five), with **five additional stores planned**. With more than 40 locations across the Southwest, **MoneyPro** hopes to take advantage of a new Arizona law allowing higher interest rates on short-term payday loans. MoneyPro also specializes in check cashing, money transmittal, and secured and unsecured cash advances.

Where's the beef (a.k.a., corporate center)? About a year ago, Chandler Mayor Jay Tibshraney announced that **Wells Fargo Bank** was getting ready to **build a corporate center** in his east Valley city, bringing with it **4,000 jobs** (averaging \$19 an hour) in a variety of customer-service and information technology fields. Since then, Wells Fargo has **neither closed escrow on any property nor made any formal announcement**. Not to worry, say officials from the city and the San Francisco-based bank. Plans are still in the works for a corporate center (pending approval by the board of directors), and negotiations with the city continue. But no timetable has been announced for a decision.

Services

Toyota Financial Services opened a **customer-service center** in Chandler in early December. The high-tech call center, which will **employ more than 360 by March**, is one of three in the country that handle loans and leases on Toyota and Lexus automobiles. About **165 jobs** will be **available** locally, with the rest of the workforce relocating from other Toyota financial operations.

Circle G Development Corp. of Mesa is working on plans to **build a 35-acre medical**

campus in Gilbert (Williams Field and Power roads), as part of a 1-square-mile mixed-use development. The \$100 million **Gateway Medical Campus** would include a **hospital, urgent-care and surgical centers, and medical office buildings.** The medical campus would adjoin a “power” retail center that would include a Target Greatland. No specific timetable has been developed for the project, but officials are indicating that work wouldn’t start for another 18 months to two years.

Tucson Metro Area

Construction

Sundt Construction has been awarded the **contract to double the size of Tucson International Airport’s terminal.** In an attempt to save money and increase quality, Sundt will work on the \$30 million to \$40 million project using a “construction-manager-at-risk” delivery method. The process allows contractors and architects to work together with an owner or tenant from the beginning of the project. Included in the project are an 80,000-square-foot expansion of the ticketing and baggage claim area, additional bathrooms, added space for gift shops and lounge areas, and observation decks. Work will be completed by late 2003 or early 2004.

Transportation, Communications, and Public Utilities

A rollout of **new bargain fares** caused **American Airlines** to **recall 800 reservation agents** nationwide in mid-December, including **120 at a Tucson** center. American laid off reservation clerks as part of a 20 percent reduction in staff after the Sept. 11th terrorist attacks.

Miscellaneous

Up to **400 Pima County residents** will be **eligible for training for information technology jobs**, under a \$3 million grant provided by the U.S. Department of Labor to the

county. Those **eligible** for the two-year program — which will be offered through eight educational institutions — will be the **unemployed, underemployed, older youth entering the workforce, and single parents.** For more information on the high-tech skills program, which is expected to start in late January, call Bonnie Jo Gain at 520-629-0450.

Balance of State

Manufacturing

A **Douglas company** that makes cheeses geared for the Hispanic market **expects to expand operations** in February. **Las Tres Rosas Dairy Products**, which currently has 10 employees, maxed out its capacity (60,000 pounds a week) late this year after it began specializing in making private-label cheeses for wholesalers a year ago. Tres Rosas expects to increase capacity **by adding new equipment (and likely additional staff)** over the next several months.

Transportation, Communications, and Public Utilities

Construction of a **1,000-megawatt, natural gas-fired power plant near the town of Bowie** (100 miles east of Tucson off of Interstate 10) is **one step closer to reality.** A state Power Plant and Transmission Line Siting Committee voted 9 to 1 to approve the project in mid-December. The Arizona Corporation Commission will have 60 days to approve or reject an application for Bowie Power Station, LLC, which would produce enough electricity to power 500,000 homes in southeastern Arizona and Tucson. If approved, an average of **250 workers** will be needed during a **22-month construction phase**, and **35 to 40 full-time workers** will be hired to **operate the plant** when it **opens in late 2004.** Bowie Power Station, LLC, is a subsidiary of SouthWestern Power Group II, LLC, which recently won approval from the same siting committee to build a 1,800-megawatt plant near Eloy.

Trade

Work is set to begin in March on a 127,000-square-foot **Home Depot** store adjacent to the Mall at Sierra Vista. After several months of debate, Home Depot and the Sierra Vista Development Review Committee agreed on a 12.5-acre site plan that will require the store's developer (Castle & Cooke) to tie the store's architecture to the mall, put up a pedestrian walkway to the mall, and improve several nearby roads. The home building and repair store is expected to **open in mid-September**, but no information on potential employment has been released.

Discount clothier **Marshall's** and doughnut maker **Krispy Kreme** are expected to announce plans in January to **open stores in Yuma** this year. No information on specific locations and potential employment has been released.

Services

Dominion Correction Services, which has already invested \$2.5 million in a Kingman prison site, expects to win federal and state contracts to **build a private prison** there that would hold 2,500 minimum-security inmates. The city stands to benefit economically from the **creation of 240 jobs** with a payroll of \$8 million, plus \$600,000 a year in property taxes, according to a story on the *Arizona Daily Sun* Internet site (www.azdailysun.com). If selected, Dominion says the prison would be **operational by the end of 2003**. As reported in recent issues of *Industry Update*, prisons are becoming big business in Arizona, with many rural cities and towns in Arizona vying for privately and publicly run federal and state facilities.

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